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Proposed Attorneys for State Court Receiver  
CORDES & COMPANY, LLC THROUGH  
AND BY BELLANN RAILE

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION**

In re  
THE SOURCE HOTEL, LLC,  
Debtor.

Case No. 8:21-bk-10525-ES

Chapter 11

**STIPULATION RESOLVING INTERIM  
PAYMENT OF RECEIVER'S FEES AND  
EXPENSES IN LIEU OF RECEIVER'S  
OBJECTION TO MOTION FOR ENTRY  
OF ORDER APPROVING SETTLEMENT  
WITH SHADY BIRD LENDING, LLC AND  
GUARANTORS, AS SET FORTH IN THAT  
CERTAIN STIPULATION FOR RELIEF  
FROM THE AUTOMATIC STAY AND  
ANCILLARY RELIEF**

**[RELATES TO DOCKET NOS. 188 and  
190]**

1 Debtor The Source Hotel, LLC (“Debtor”), Shady Bird Lending, LLC (“Shady Bird”), and  
2 State Court Receiver Cordes & Company, LLC through and by Bellann Raile, through and by their  
3 attorneys of record stipulate as follows:

4 **WHEREAS**, Shady Bird is the holder of the senior deed of trust on a partially constructed  
5 178-room, seven story hotel building located in Buena Park, California (the “Property” or “Project”)  
6 located on real property bearing APN Nos. 276-361-20 and 276-361-22, which the debtor and debtor  
7 in possession, The Source Hotel, LLC (the “Debtor”), leases pursuant to a ground lease dated April  
8 6, 2015 from the lessor, The Source at Beach, LLC.

9 **WHEREAS**, On or about February 8, 2021, Shady Bird filed its complaint against the  
10 Debtor in the Superior Court of California, County of Orange (the “State Court”) for (i) specific  
11 performance for appointment of a receiver, and (ii) waste, thereby commencing the State Court  
12 action bearing Case No. 30-2021-01183489-CU-OR-CJC (the “State Court Action”).

13 **WHEREAS**, shortly after filing the State Court Action, Shady Bird filed, among other  
14 things, its “Ex Parte Application for: (1) Order Appointing Receiver; (2) Temporary Restraining  
15 Order; and (3) Order to Show Cause Re: Confirmation of Appointment of Receiver and Preliminary  
16 Injunction in Aid of Receiver; Memorandum of Points and Authorities in Support Thereof” (the  
17 “Receivership Application”).

18 **WHEREAS**, on February 17, 2021, the State Court granted the Receivership Application  
19 and entered its “Ex Parte Order Appointing Receiver and Order to Show Cause and Temporary  
20 Restraining Order – Rents, Issues, and Profits” (the “Receivership Order”), pursuant to which,  
21 among other things, Bellann R. Raile (the “Receiver”) was appointed receiver for the Project.

22 **WHEREAS**, on or about, February 26, 2021 (the “Petition Date”), the Debtor filed a  
23 voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy  
24 Code”) in the United States Bankruptcy Court for the Central District of California, Santa Ana  
25 Division (the “Bankruptcy Court”) as Case No. 8:21-bk-10525-ES (the “Bankruptcy Case”).

26 **WHEREAS**, on or about March 25, 2021, Shady Bird filed its “Motion of Shady Bird  
27 Lending, LLC for Order Excusing State Court Receiver from Turnover Assets Pursuant to 11 U.S.C.  
28 § 543; Memorandum of Points and Authorities; Declarations of Ronald Richards, Bellann R. Raile,

1 and Brent Little in Support Thereof” (the “Section 543 Motion”) which the Debtor opposed [Dkts.  
2 65-66], and Shady Bird replied [Dkt. 72].

3 **WHEREAS**, on April 28, 2021, the Bankruptcy Court entered its “Order, After Hearing,  
4 Granting, on an Interim Basis, Motion of Shady Bird Lending, LLC for Order Excusing State Court  
5 Receiver From Turnover of Assets Pursuant to 11 U.S.C. § 543” (the “First Interim Receiver  
6 Order”).

7 **WHEREAS**, on July 1, 2021, the Bankruptcy Court entered its “Second Interim Order  
8 Regarding Motion of Shady Bird Lending, LLC for Order Excusing State Court Receiver from  
9 Turnover of Assets Pursuant to 11 U.S.C. § 543” (the “Second Interim Receiver Order”).

10 **WHEREAS**, on July 7, 2021, the Receiver filed its “Receiver’s Interim Status Report and  
11 Accounting [Federal Rule of Bankruptcy Procedure 6002]” (“Receiver’s Interim Report”) [Dkt.  
12 186]. As set forth in the Receiver’s Interim Report, the Receiver has incurred \$116,757.36 in fees  
13 and expenses (including those of her counsel) through June 30, 2021 (the “Receiver’s Incurred  
14 Fees”) the Receiver has not been paid to date, and Shady Bird has provided partial funding for such  
15 fees and expenses.

16 **WHEREAS**, on July 19, 2021, the Debtor, Shady Bird, and certain other parties entered into  
17 a Stipulation for Relief from the Automatic Stay and Ancillary Relief (“RFS and Ancillary Relief  
18 Stipulation”) [Dkt. 188].

19 **WHEREAS**, paragraph 5 of the RFS and Ancillary Relief Stipulation provides that “All  
20 reasonable fees and costs incurred by the Receiver in excess of the \$200,000 previously gifted by  
21 Shady Bird (the “Gifted Advance”), as detailed in the First Interim Receiver Order and the Second  
22 Interim Receiver Order, shall be added to the Debtor’s outstanding debt and Shady Bird’s claim  
23 against the Debtor, with any dispute over the reasonableness of the Receiver’s fees and costs, Shady  
24 Bird’s attorneys’ fees and costs, trustee fees and other fees, charges, and costs due under the  
25 operative loan agreement, to be resolved by the Bankruptcy Court (collectively, the “Bankruptcy  
26 Court Determined Fees and Costs”).” The parties shall try and resolve by August 18, 2021 any  
27 disputes about Shady Bird’s fees through informal settlement discussions. If they are not able to  
28

1 resolve those fees, the RFS and Ancillary Relief Stipulation provides a mechanism for this Court to  
2 resolve such fees and costs.

3 **WHEREAS**, on July 22, 2021, the Debtor filed a “Motion for Entry of Order Approving  
4 Settlement with Shady Bird Lending, LLC and Guarantors, as Set Forth in that Certain Stipulation  
5 for Relief from the Automatic Stay and Ancillary Relief, and Granting Related Relief” (the  
6 “Settlement Motion”) [Dkt. 190], and is set for hearing on August 12, 2021.

7 **WHEREAS**, the Receiver’s deadline to object to the Settlement Motion is July 29, 2021.  
8 The Receiver, Shady Bird, and the Debtor have resolved the Receiver’s potential objection to the  
9 Settlement Motion and, more specifically, the Receiver’s concerns regarding the funding and  
10 payment of the Receiver’s Incurred Fees, in accordance with the terms and conditions set forth in  
11 this Stipulation.

12 **WHEREFORE**, based on the foregoing paragraphs, the Debtor, Shady Bird and Receiver  
13 hereby stipulate and agree, subject to the Court’s approval of the Settlement Motion and this  
14 Stipulation, that:

- 15 1. \$25,000.00 of the Receiver’s Incurred Fees shall be funded from the Gifted Advance.  
16 2. Shady Bird shall be authorized to fund the Receiver’s Incurred Fees and the Receiver  
17 shall be authorized to receive an interim payment of the Receiver’s Incurred Fees (including those of  
18 her counsel), subject to the Debtor’s right to challenge the reasonableness of the Receiver’s Incurred  
19 Fees at a later date (if necessary), which right is expressly reserved, and subject to the terms of the  
20 RFS and Ancillary Relief Stipulation.

21  
22 DATED: July 29, 2021

**JAZ, A PROFESSIONAL LEGAL CORPORATION**

23  
24 By:   
Peter F. Jazayeri  
Attorneys for State Court Receiver  
CORDES & COMPANY, LLC BY AND THROUGH  
BELLANN RAILE  
25  
26  
27  
28

1 DATED: July 29, 2021

2 **LEVENE, NEALE, BENDER, YOO & BRILL L.L.P.**

3 

4 By: \_\_\_\_\_

5 Ron Bender


6 Juliet Y. Oh

7 Attorneys for Debtor,

8 THE SOURCE HOTEL, LLC

9 DATED: July 28, 2021

10 **LAW OFFICES OF RONALD RICHARDS &**  
11 **ASSOCIATES, A PC**

12 By: 

13 Ronald Richards

14 Attorneys for SHADY BIRD LENDING, LLC

15 DATED: July 28, 2021

16 **SULMEYERKUPETZ, A PROFESSIONAL**  
17 **CORPORATION**

18 By: \_\_\_\_\_

19 Daniel A. Lev

20 Attorneys for SHADY BIRD LENDING, LLC

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 1100 Glendon Avenue, Suite 1500, Los Angeles, CA 90024.

A true and correct copy of the foregoing document entitled (*specify*): **STIPULATION RESOLVING INTERIM PAYMENT OF RECEIVER'S FEES AND EXPENSES IN LIEU OF RECEIVER'S OBJECTION TO MOTION FOR ENTRY OF ORDER APPROVING SETTLEMENT WITH SHADY BIRD LENDING, LLC AND GUARANTORS, AS SET FORTH IN THAT CERTAIN STIPULATION FOR RELIEF FROM THE AUTOMATIC STAY AND ANCILLARY RELIEF** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

**1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):** Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On July 29, 2021, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page

**2. SERVED BY UNITED STATES MAIL:**

On July 29, 2021, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

None ☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served):** Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on July 29, 2021, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

**Via Federal Express**

Honorable Erithe A. Smith  
US Bankruptcy Court – Santa Ana Division  
Ronald Reagan Federal Building  
411 West 4<sup>th</sup> Street, #5040  
Santa Ana, CA 92701

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

July 29, 2021

Toni Gesin

Date

Printed Name



Signature

**ATTACHMENT TO F 9013-3.1.PROOF.SERVICE**

**Via NEF**

- **Attorney for Debtor: Ron Bender** rb@lnbyb.com
- **Christopher G. Cardinale** ccardinale@agclawfirm.com, mgonzalez@agclawfirm.com
- **Michael G Fletcher** mfletcher@frandzel.com, sking@frandzel.com
- **Amir Gamliel** amir-gamliel-9554@ecf.pacerpro.com, cmallahi@perkinscoie.com;DocketLA@perkinscoie.com
- **Robert P Goe** kmurphy@goeforlaw.com, rgoe@goeforlaw.com;goeforecf@gmail.com
- **Attorney for U.S. Trustee: Nancy S Goldenberg** nancy.goldenberg@usdoj.gov
- **Attorney for Receiver in State Court: Peter F Jazayeri** peter@jaz-law.com
- **Attorney for Shady Bird: Daniel A Lev** dlev@sulmeyerlaw.com, ccaldwell@sulmeyerlaw.com;dlev@ecf.inforuptcy.com
- **Kyle J Mathews** kmathews@sheppardmullin.com
- **Attorney for Debtor: Juliet Y Oh** jyo@lnbrb.com, jyo@lnbrb.com
- **Ho-El Park** hpark@hparklaw.com
- **Attorney for Shady Bird: Ronald N Richards** ron@ronaldrichards.com, morani@ronaldrichards.com
- **United States Trustee (SA):** ustpregion16.sa.ecf@usdoj.gov